

Earnings Presentation

BRSA Bank-Only 1Q 2013

May 3, 2013



1Q 2013 Macro Highlights

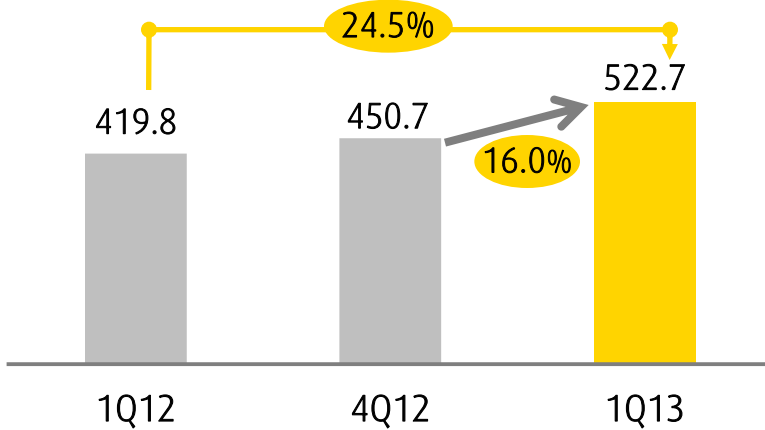
- ✍ The indicators related to US economy started to improve in 1Q13.
- ✍ Boj launched aggressive monetary policy measures under the new leadership and decided to double to the monetary base to in order to achieve 2% inflation target in 2 years.
- ✍ Cyprus and the Eurogroup have reached a deal on the aid package amounting to €10 billion.
- ✍ China's real GDP growth rate slowed to 7.7% in 1Q13 from 7.9% in 4Q12.
- ✍ The Gross Domestic Product (GDP) growth rate in Turkey slowed sharply to 2.2% in 2012. While domestic private consumption contracted in the last year, the contribution of exports to GDP rose sharply by 4.1% in 2012 from negative 1.1% in the previous year.
- ✍ 12 months rolling Current Account Deficit rose to 48.4 billion USD in February, due to the slowdown in exports and the rise on domestic demand.
- ✍ CPI in Turkey reached to 7.29% in a yearly basis with the effect of the high food prices.
- ✍ CBRT cut each of its main rates by 50 basis points, lowering its one-week repo policy rate to 5.0 percent, its overnight borrowing rate to 4.0 percent and its overnight lending rate to 7.0 percent in its last MPC meeting.
- ✍ TL continued to depreciate against currency basket another 0.7%.
- ✍ Fiscal performance of Turkey support government's budget deficit/GDP target of 2.2% is achievable.
- ✍ Benchmark bond yield increased to 6.4% from 6.18%.

1Q13 VakifBank Highlights

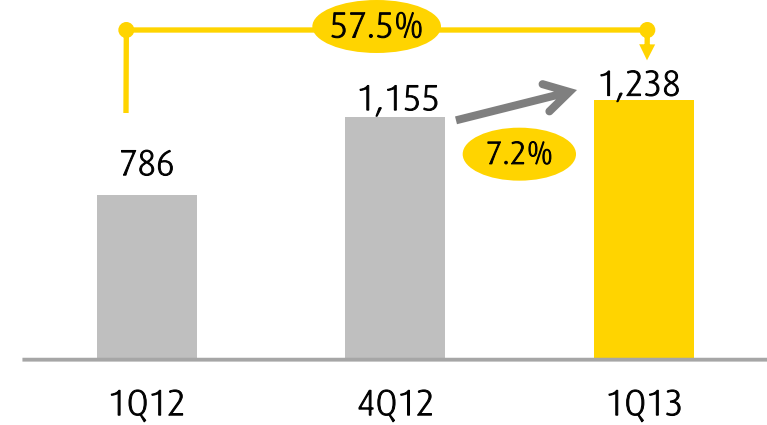
- ✔ The highest quarterly net income figure ever; bank-only net income is 522.7 mio TL, up by 24.5% YoY and 16% QoQ.
- ✔ ROAE is up by 1.7 pps to 17.4% and ROAA is up by 22 bps to 1.99% on quarterly basis.
- ✔ TL core spreads widened another 16 bps QoQ and reached to 725 bps; FX core spreads widened 7 bps and reached to 277 bps.
- ✔ Strong margins maintained; NIM is down by only 6 bps QoQ to 6.07% due to CPI linkers. NIM is 5.67% on a comparable basis, down by only 13 bps QoQ.*
- ✔ Net Interest Income is up by 63.7% YoY and 1.4% QoQ, reaching to 1,345.1 mio TL.
- ✔ Core Banking revenues (Net Interest Income and Net Fee & Commission Income) is up by 53.1% YoY and 1.8% QoQ.
- ✔ Strong Net Fee & Commission Income; up by 98.1% YoY; the highest quarterly net fee & commission figure ever. The elements that support fee income;
 - √ Faster retail growth,
 - √ Overhauled fee collection capability,
 - √ Diminishing effect of accrual accounting,
 - √ Refinancing fees of retail products.
- ✔ Loan growth is up by 15.3% YoY and 2.2% QoQ; driven by TL loan growth in high yielding segments, mainly retail and SME.
- ✔ Deposits are down by 0.2% YoY and 2.7% QoQ deliberately to defend strong spreads and margins. Modest loan growth was funded via money market transactions and bond issuances.
- ✔ The lowest ever quarterly Cost/Income ratio; down by 285 bps QoQ to 32.5%.

1Q 2013 Earnings and Ratios

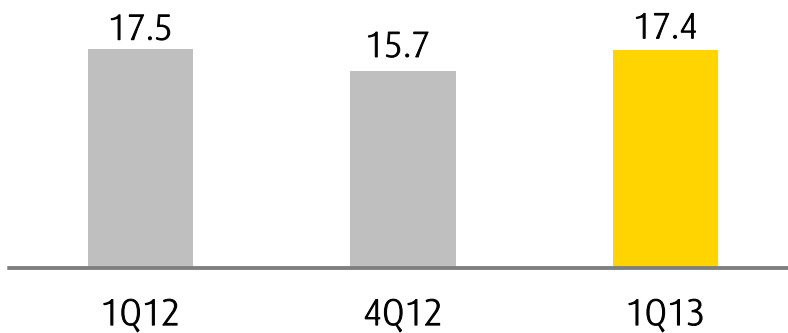
Quarterly Net Income (Mio TL)



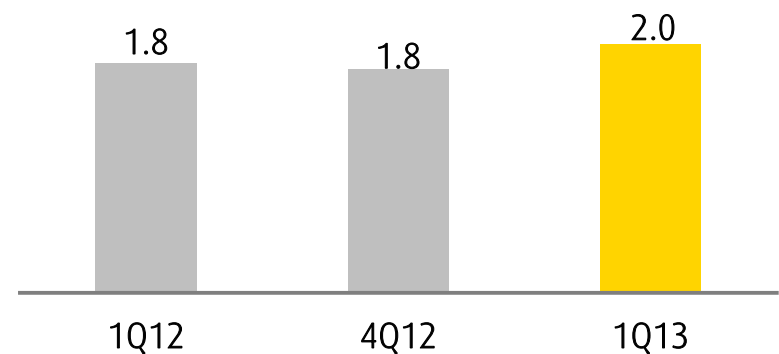
Operating Profit (Mio TL)



ROAE (%)

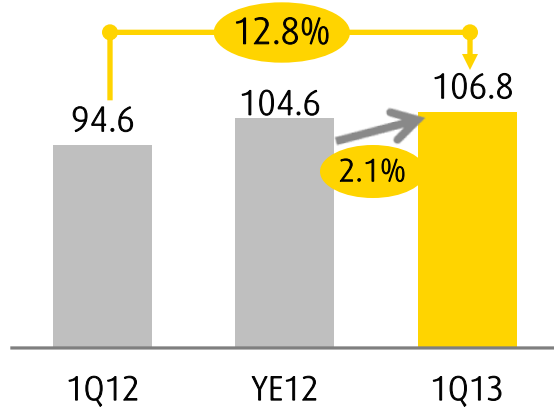


ROAA (%)

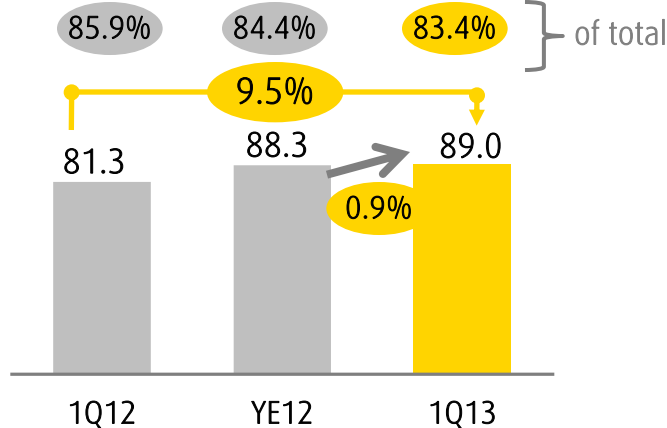


Continued reshuffling of assets from securities

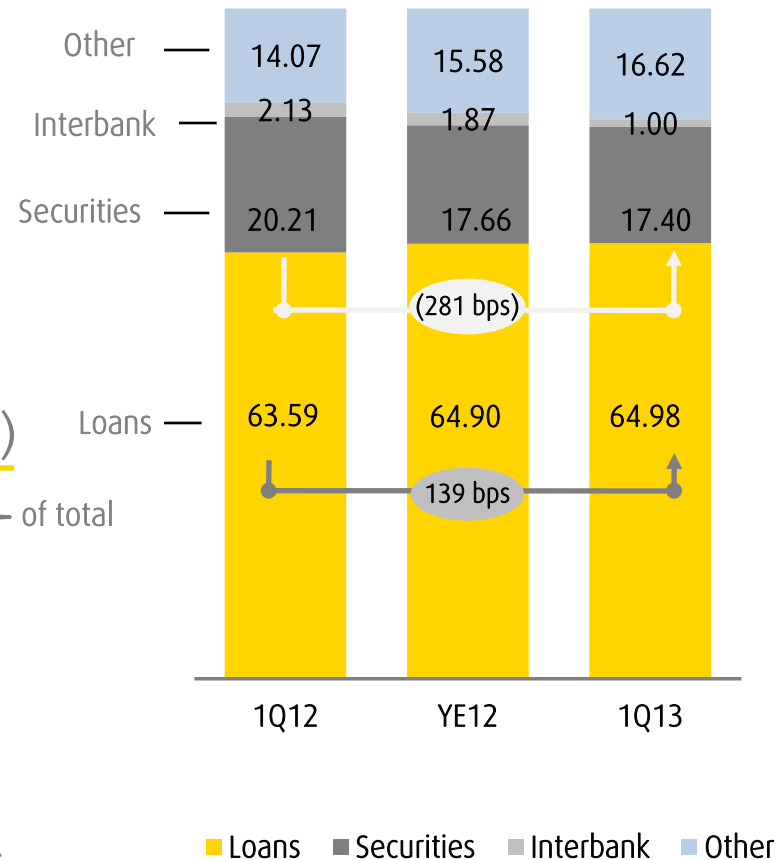
Total Assets (TL bio)



Interest Earning Assets (TL bio)



Breakdown of Assets (%)

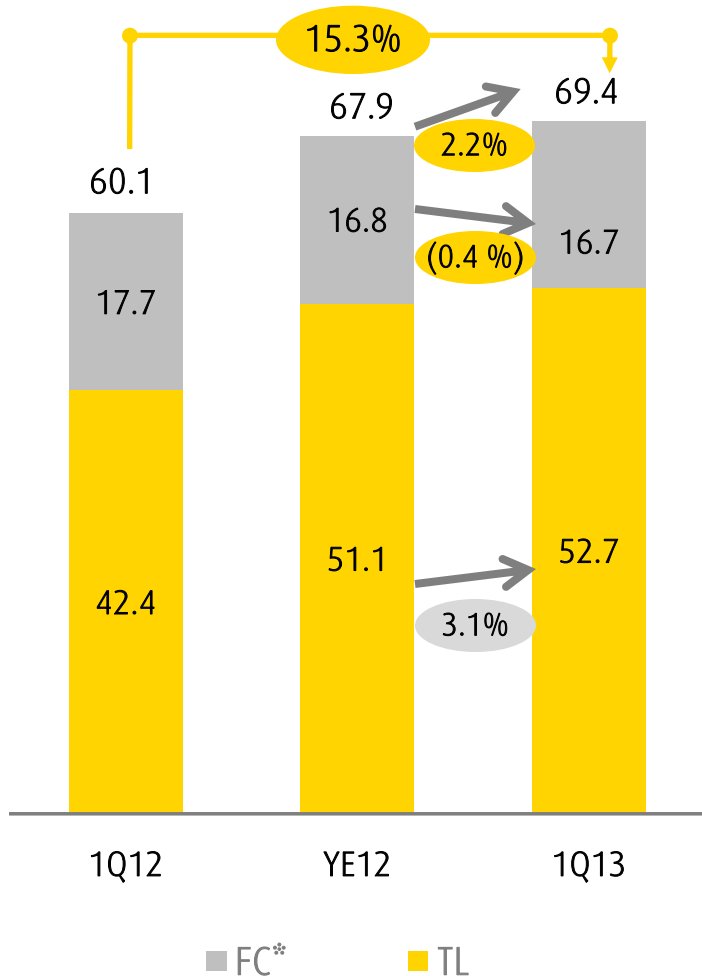


The highest share of loans in total assets*

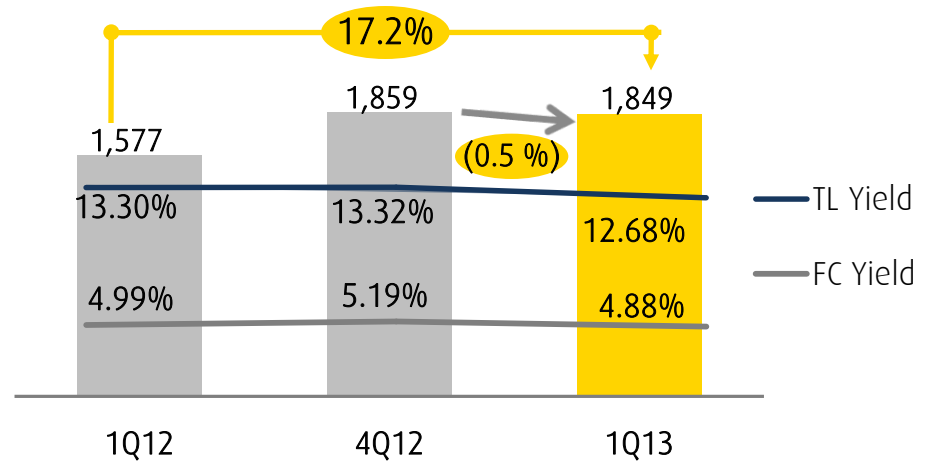
65%

Strong interest income on loans thanks to growth on high yielding segments

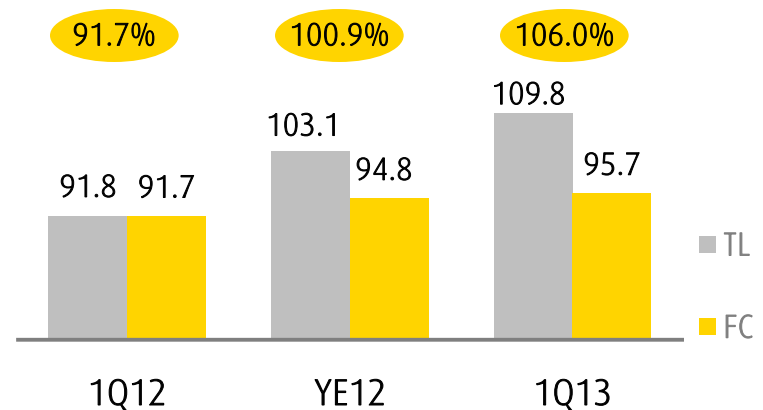
Total Loans (TL bio)



Interest Income on Loans (TL mio)



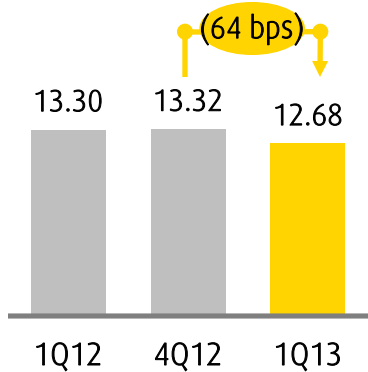
Loan/Deposit (%)



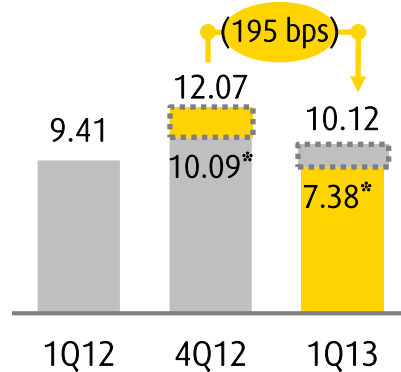
Further core spread expansion & strong margins thanks to all time low deposit costs

Yields (%)

TL Loans

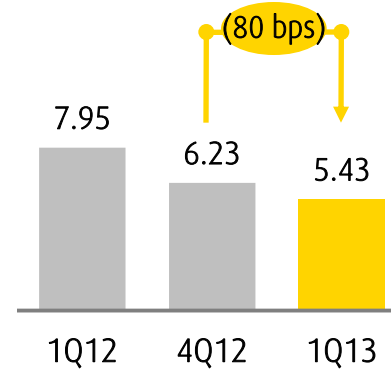


TL Securities

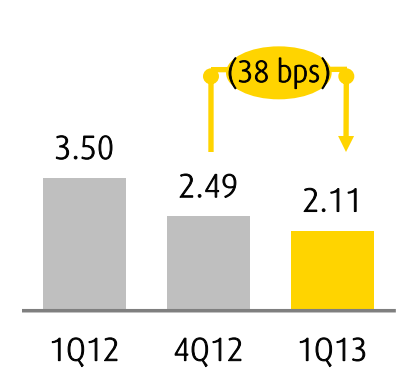


Cost of Deposits (%)

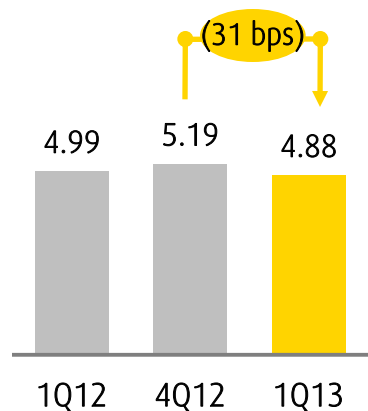
TL Deposits



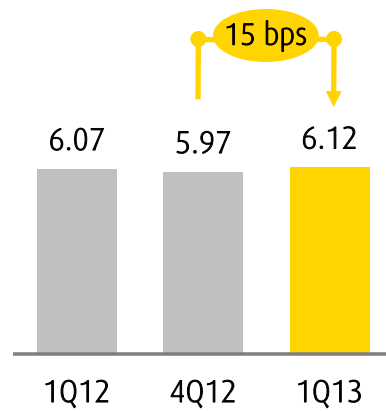
FC Deposits



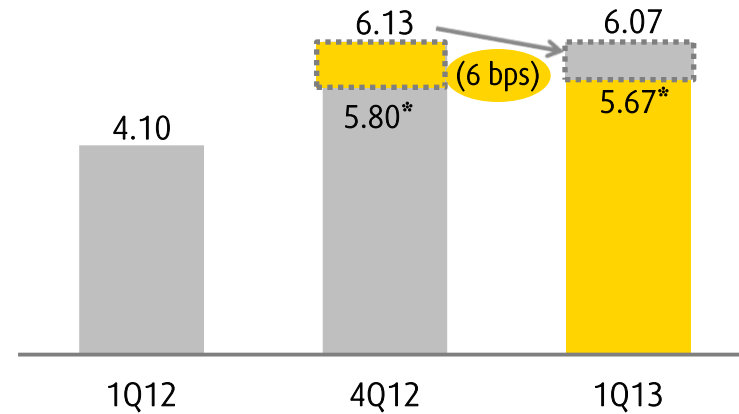
FC Loans



FC Securities

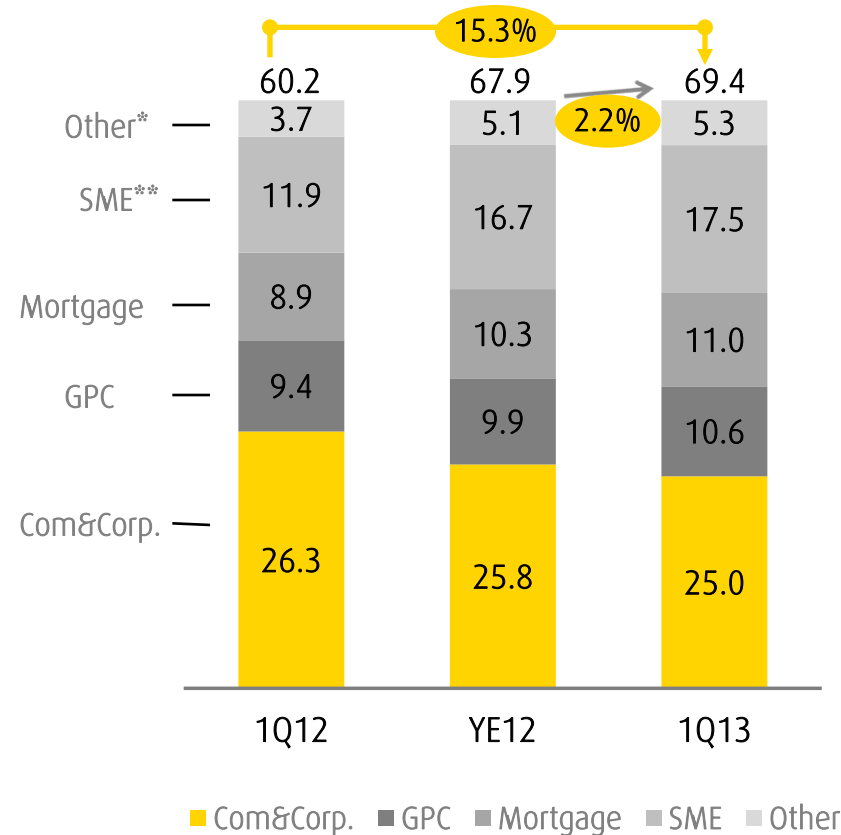


Net Interest Margin (NIM %)

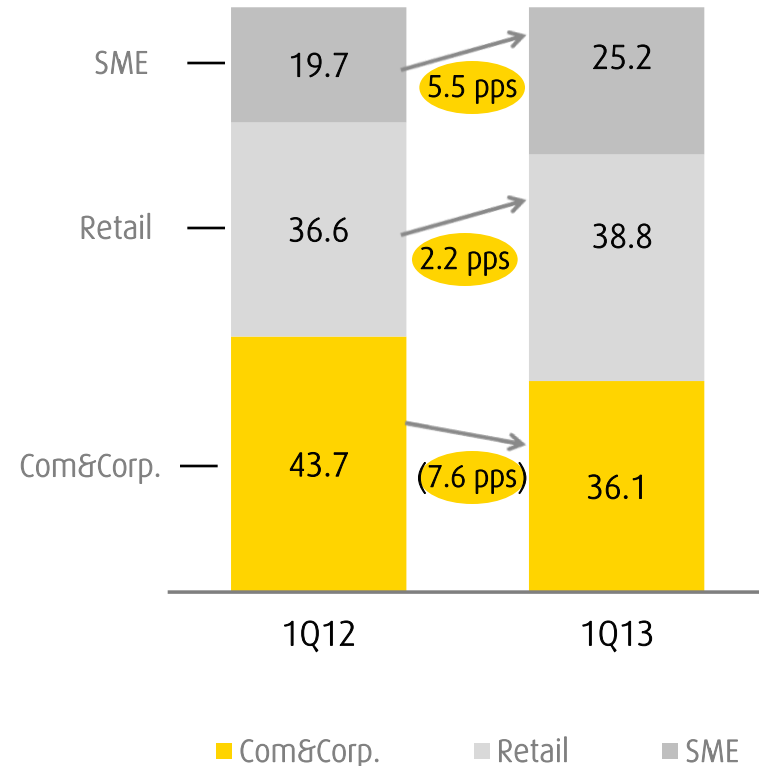


Well diversified loan breakdown

Breakdown of Loans (TL bio)

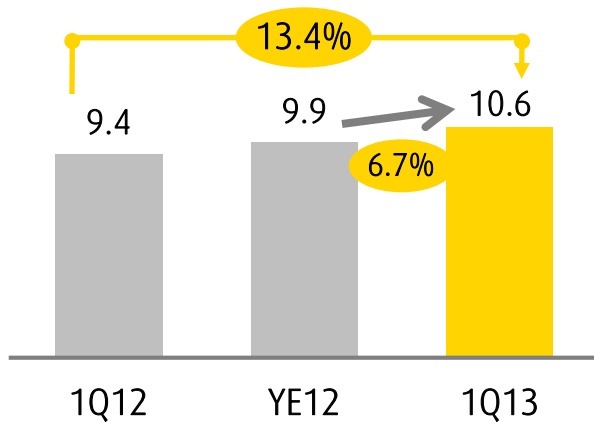


Portfolio Shift (%)

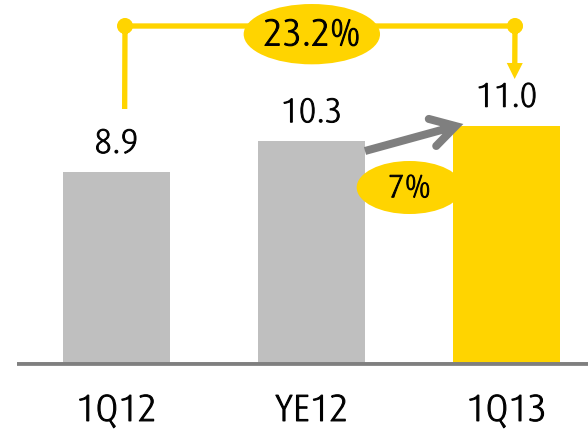


Strong retail lending growth ensured dominant position in key segments

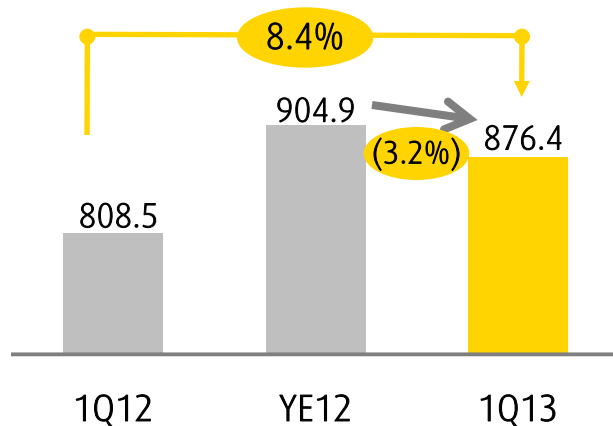
General Purpose Consumer (TL bio)



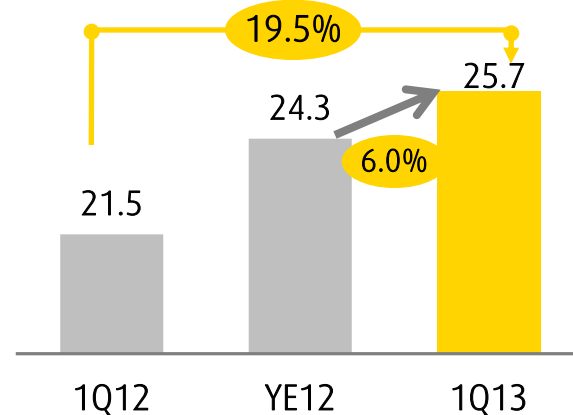
Residential Mortgages¹ (TL bio)



Retail Overdraft (TL mio)



Total Retail (TL bio)



Rankings*;

2 in GPC

2 in mortgage

1 in retail overdraft

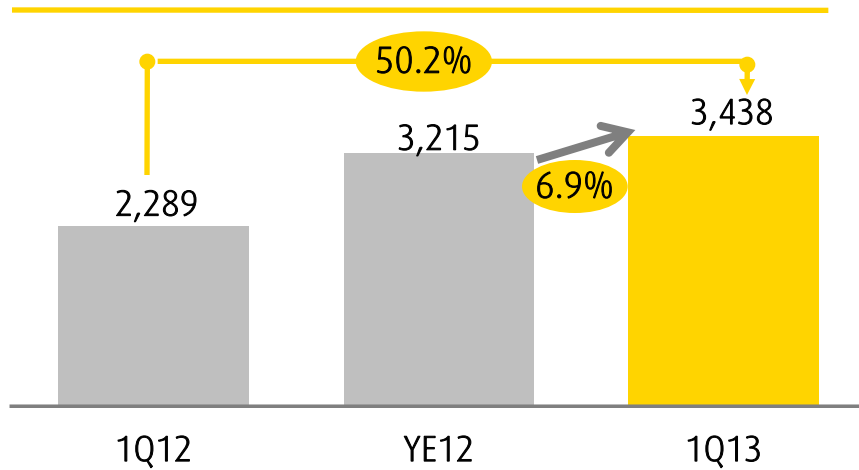
Strong presence in key retail segments thanks to

2.2 million

pay-roll accounts

Sustainable & profitable growth in Credit Cards

Credit Card Loans (TL mio)



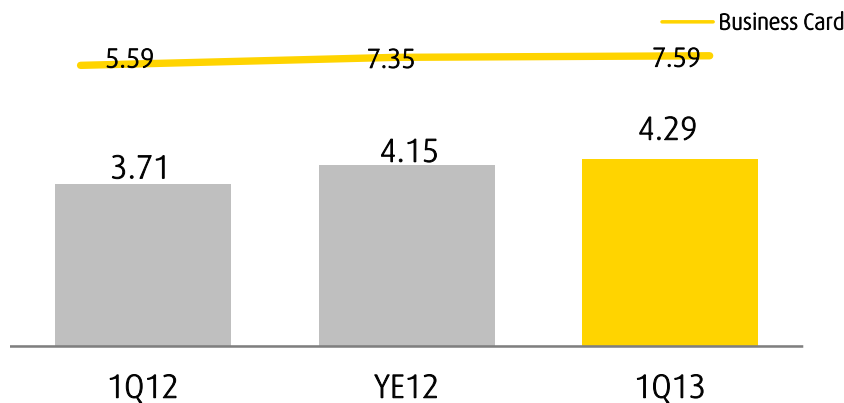
Credit Card Loans growth YoY;

50.2%

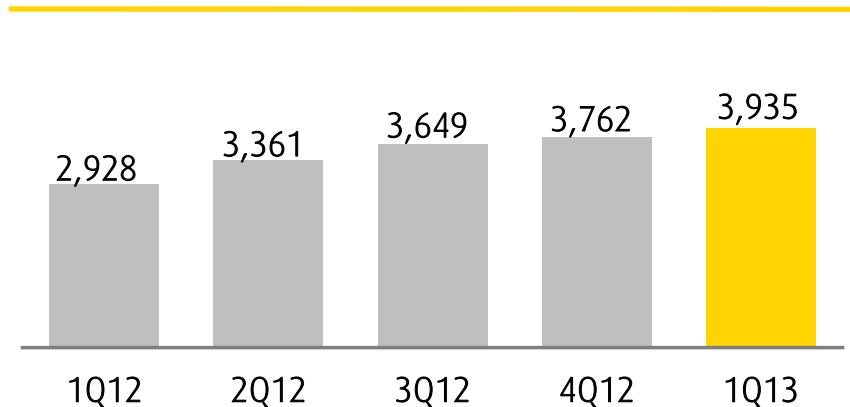
Sector growth YoY;

30%

Market share* (%)

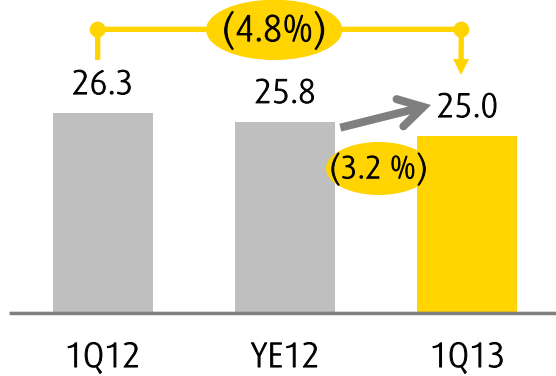


Average Quarterly Issuing Volume (TL mio)

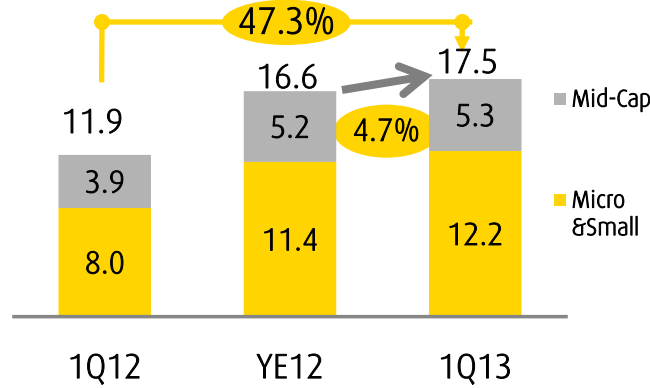


Stellar penetration into SME segment

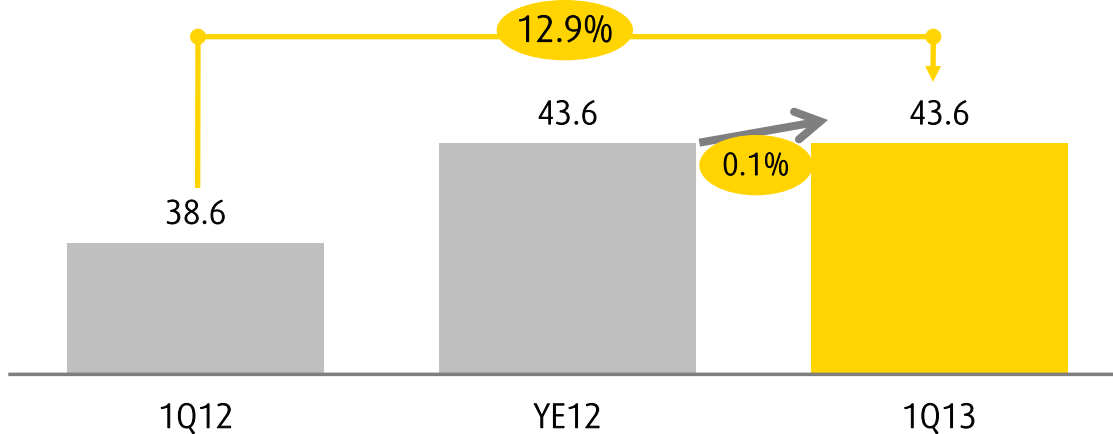
Corporate & Commercial (TL bio)



SME*(TL bio)



Total Commercial & Corporate Loans**(TL bio)

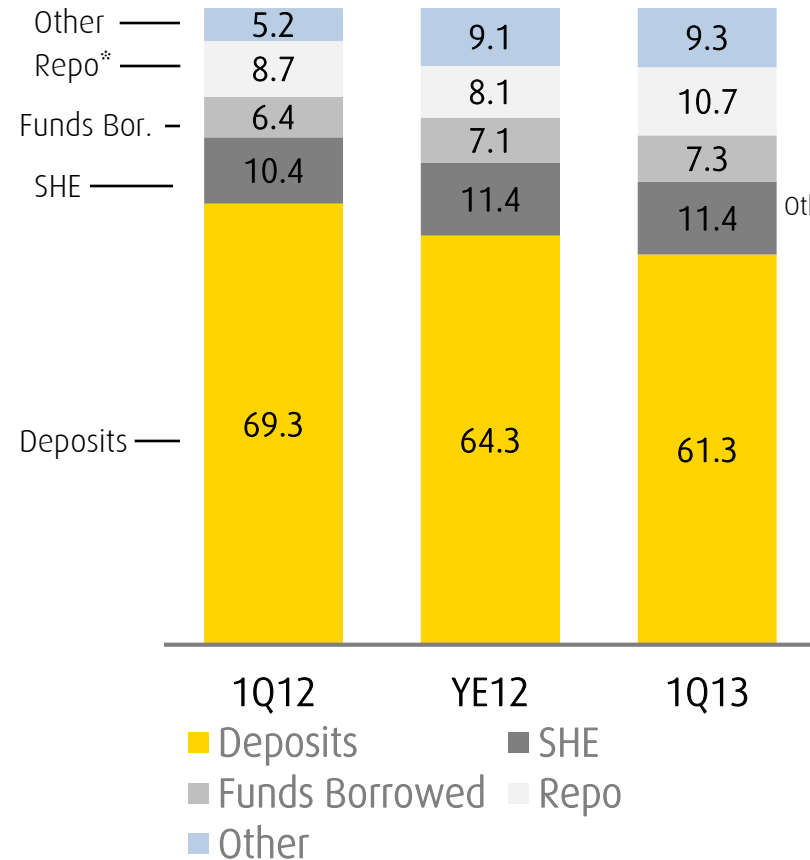


Highly collateralized & high yielding SME loans
YoY growth;

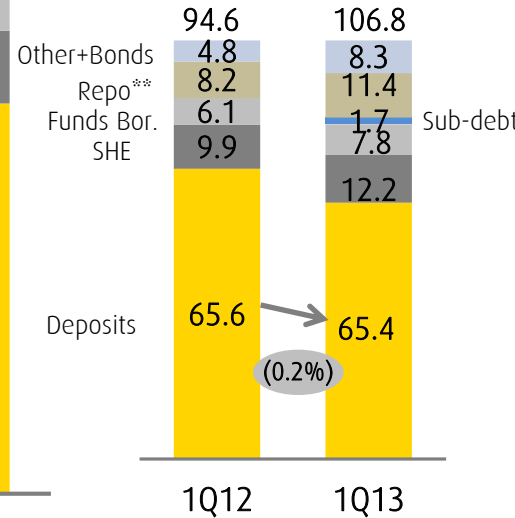
47.3%

Shift in favour of non-deposit funding sources via bond issuances and funds borrowed

Breakdown of Liabilities (%)



Liabilities Shift (TL bio)



Wholesale Borrowing

Funds Borrowed+Bonds Issued +Sub-debt / Liabilities

11.7%

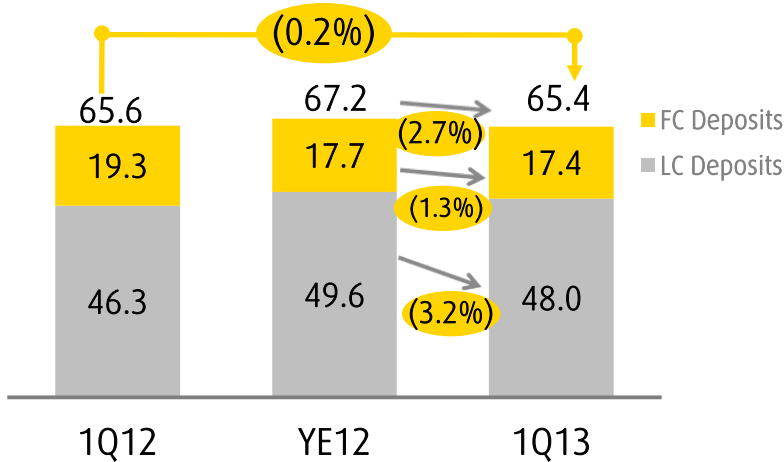
Deposits Heavy Funding Structure

Total Deposits / Liabilities

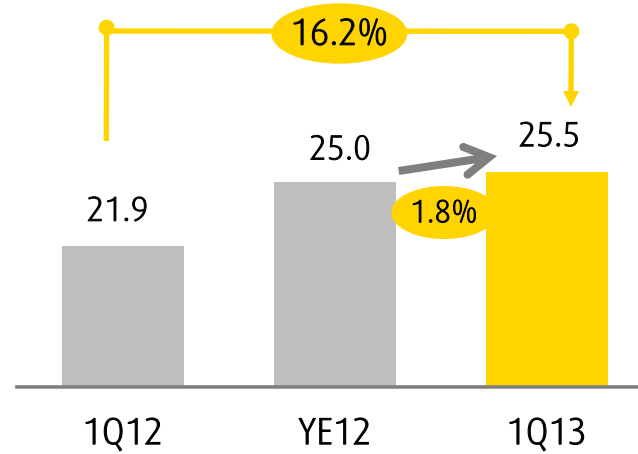
61.3%

Ongoing shift in favour of sticky and low cost retail deposits

Total Deposits (TL bio)



Total Retail Deposits (TL bio)



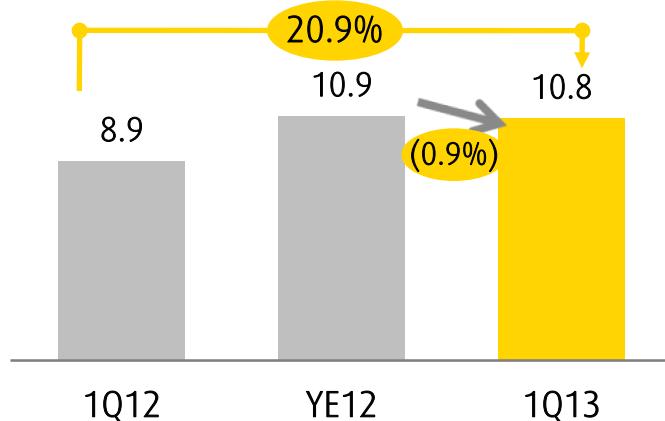
Retail Deposit growth YoY;

16.2%

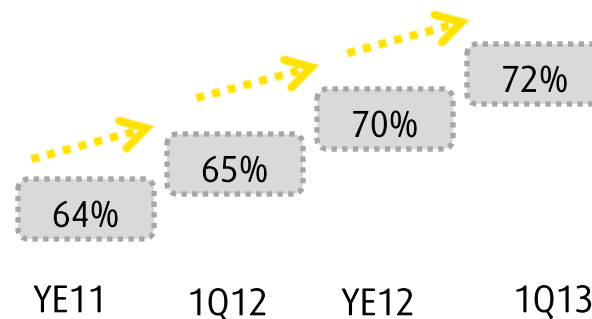
The share of sticky retail and state deposits increased 7% YoY to ;

72%

Demand Deposits (TL mio)

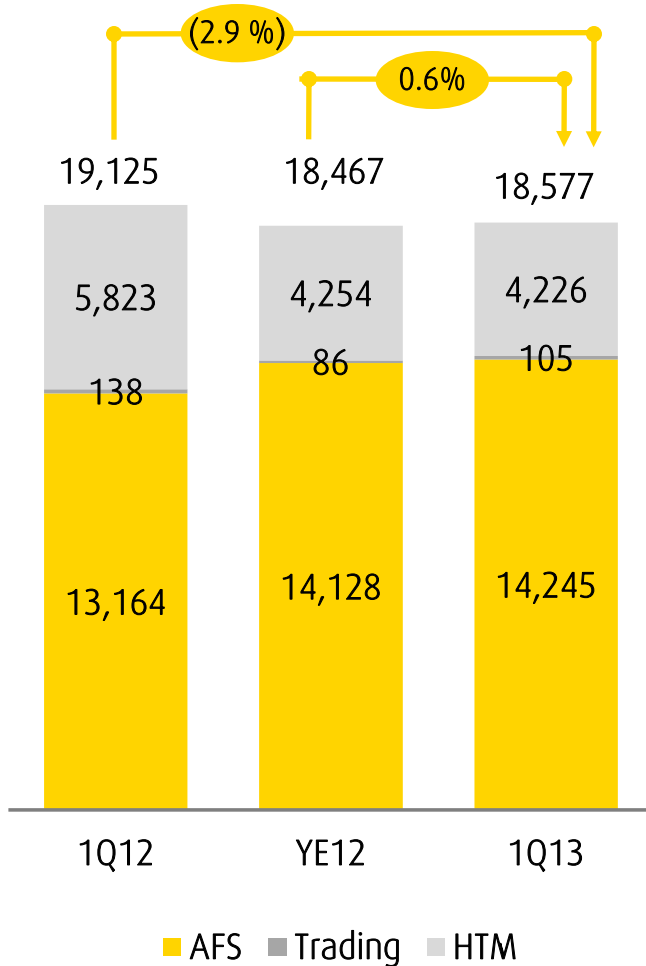


Retail+State Dep. / Total Deposits

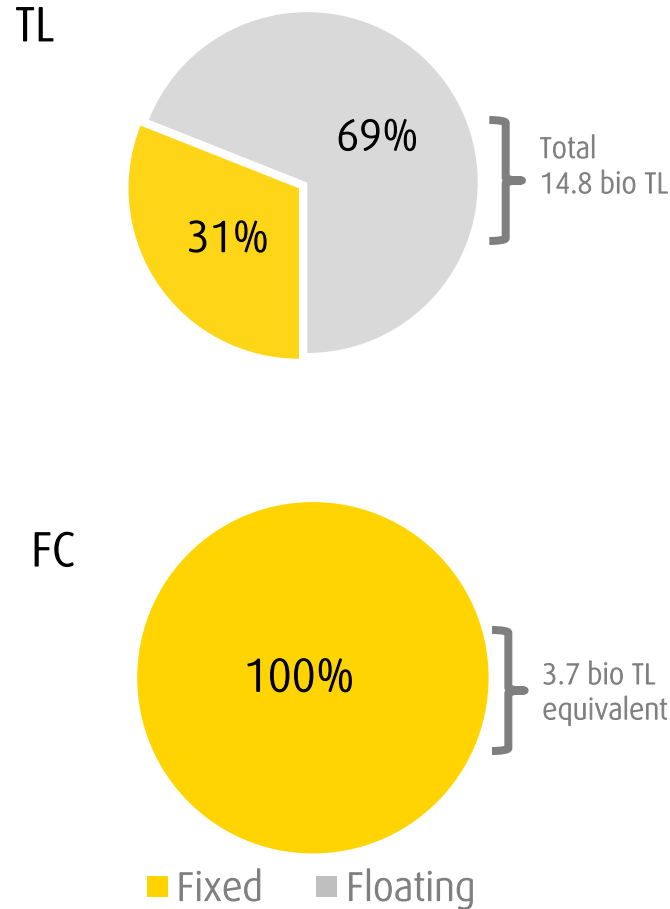


Securities portfolio mix further shifted towards floating rate notes

Total Securities (TL mio)



Portfolio Structure



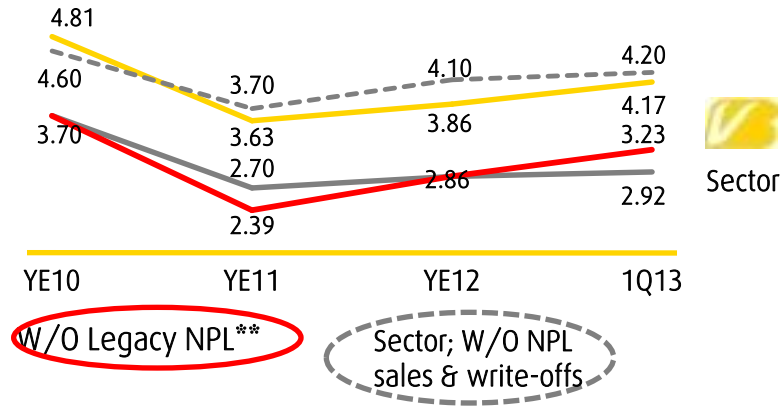
69%
of TL securities are floating.

CPI Linkers' share in TL Securities;

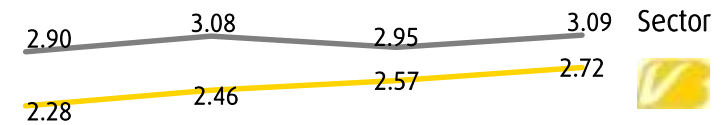
16.8%

NPL Ratios

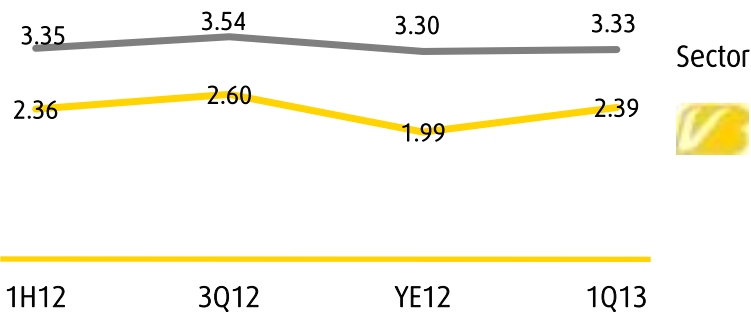
Overall NPL Ratio* (%)



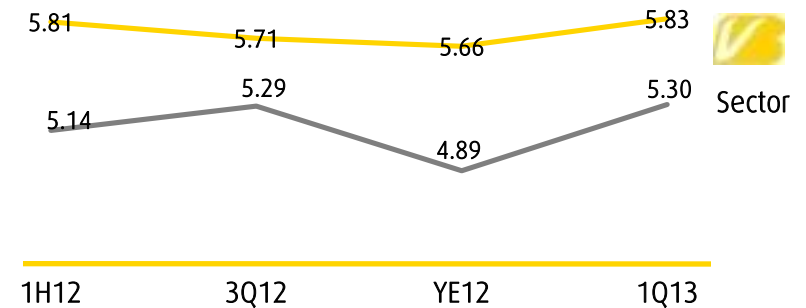
Total Retail Loans NPL (%)



Commercial Installment NPL (SME) (%)

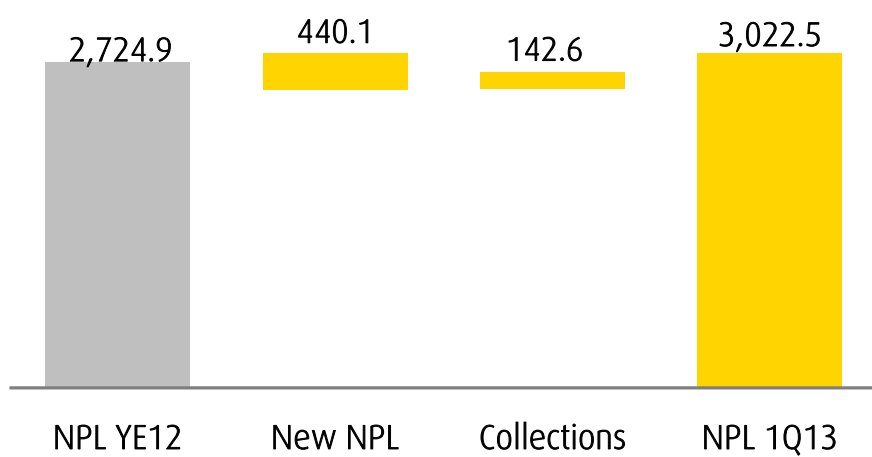


Credit Cards NPL (%)

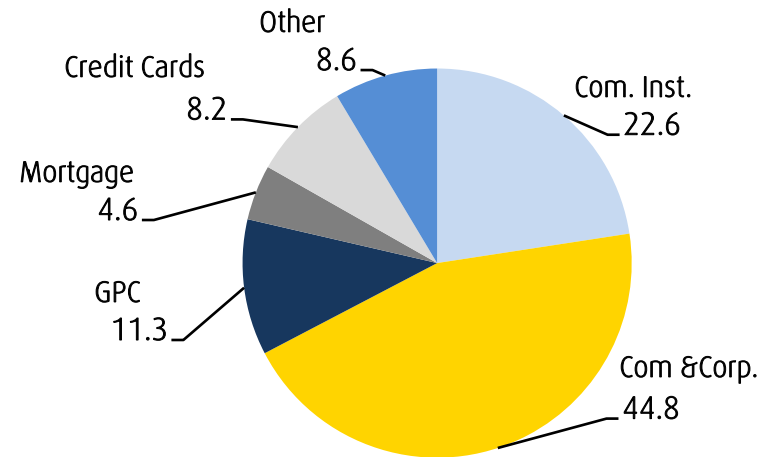


Conservative coverage ratios remained unchanged

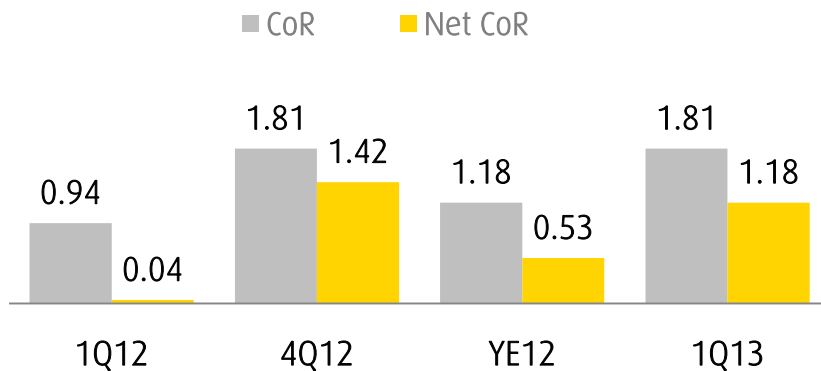
NPL (mio TL)*



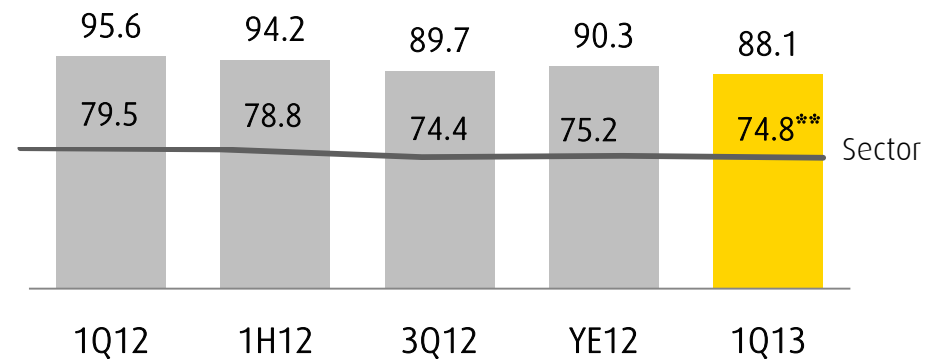
Breakdown of New NPL Inflow (%)



Cost of Risk (%)

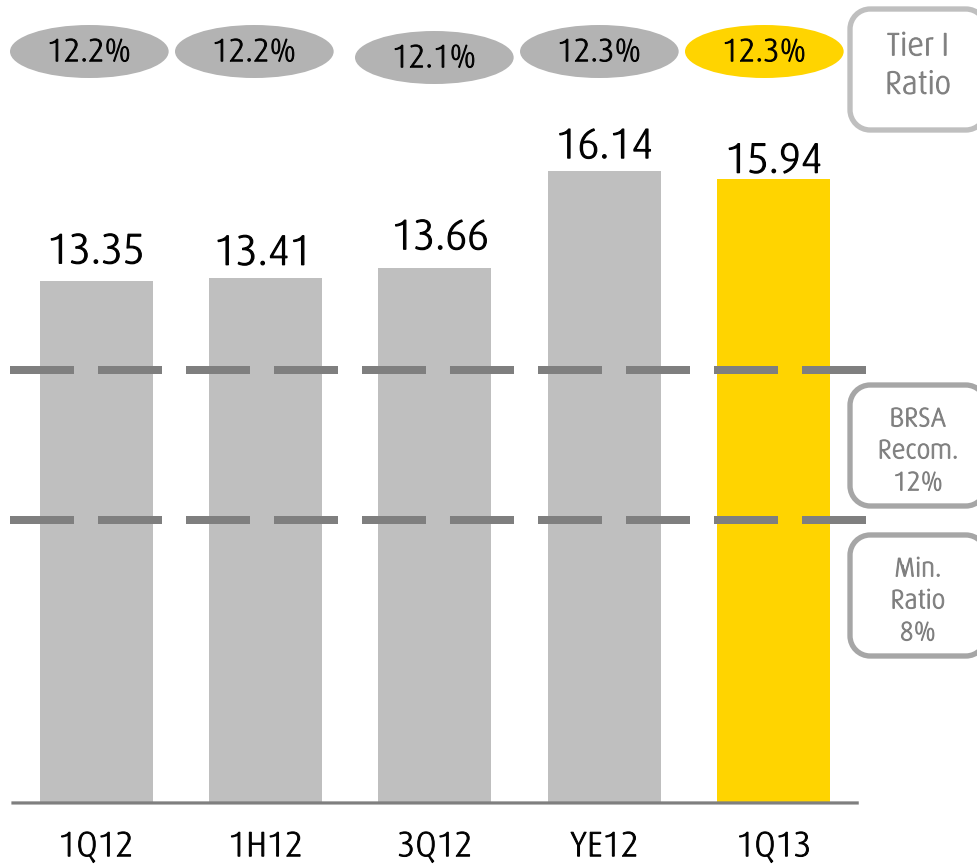


Coverage Ratio of NPL (%)



Strong capitalization remained intact

Capital Adequacy Ratio (%)

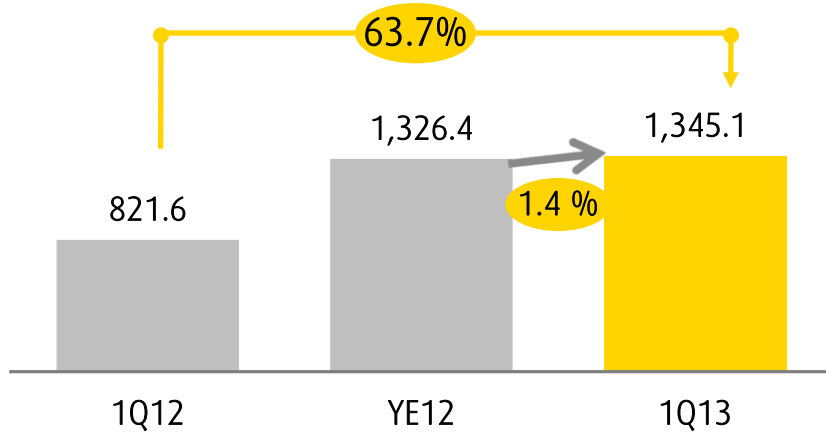


Low Leveraged
balance sheet

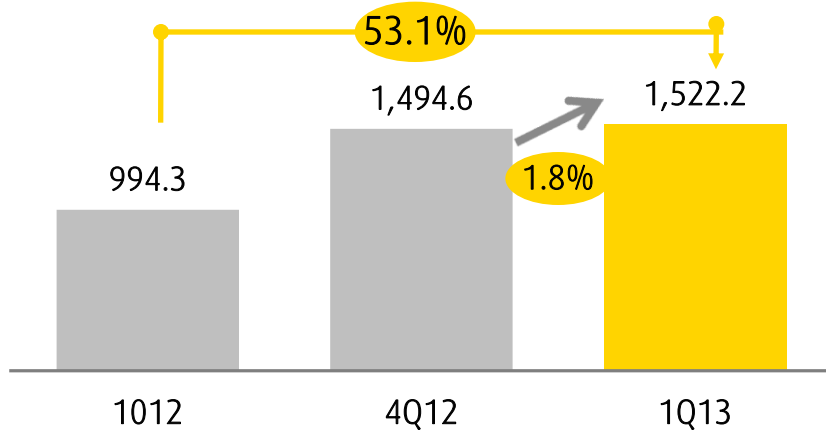
< 7.8 X Equity

High quality earnings breakdown

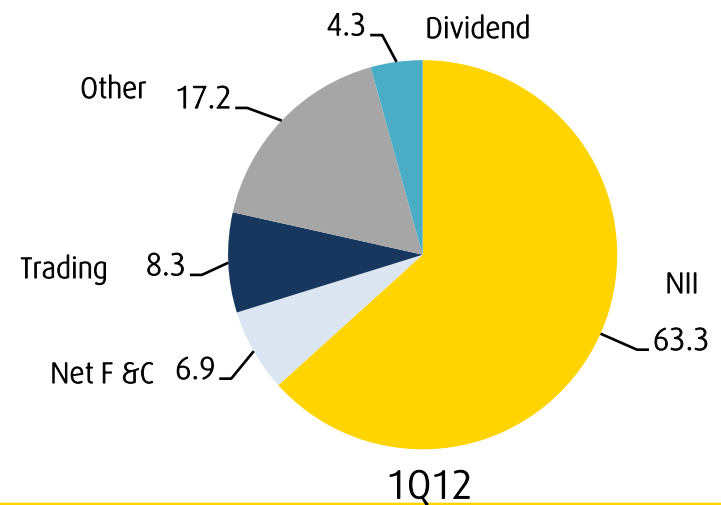
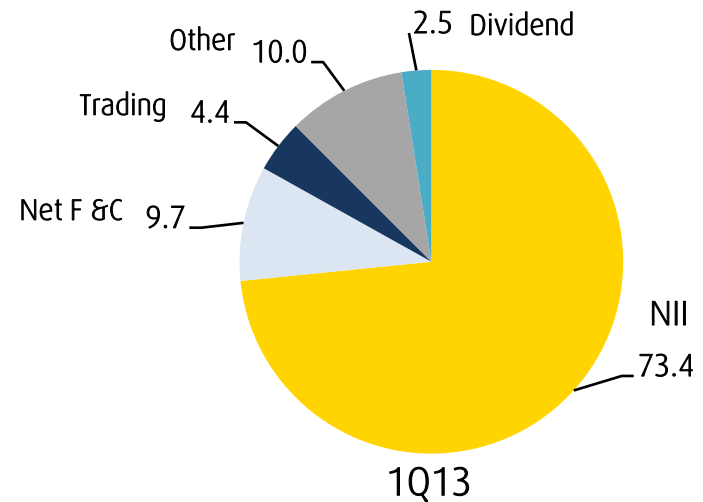
Net Interest Income (TL mio)



Core Banking Revenues* (TL mio)

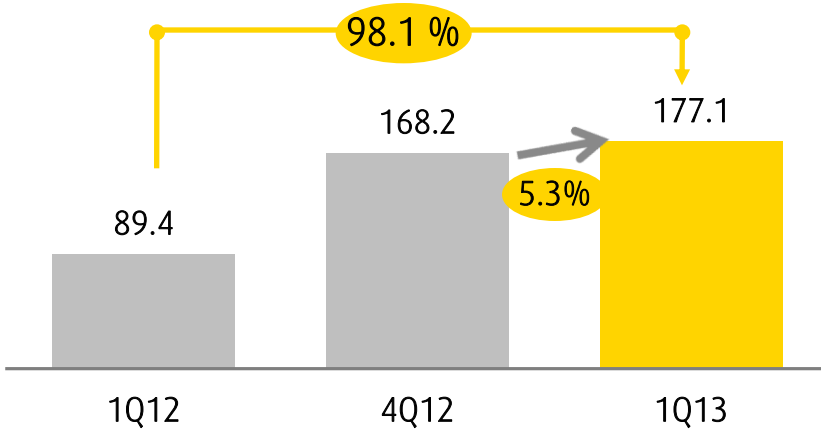


Breakdown of Total Revenues (%)

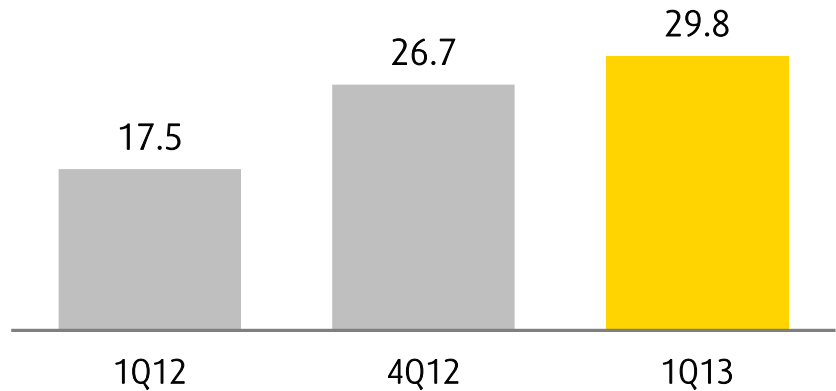


Strong fee income growth mainly driven by retail lending

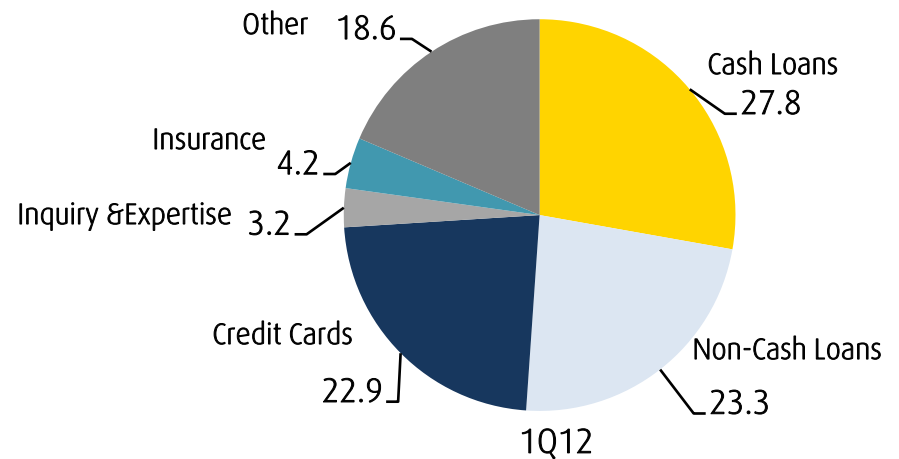
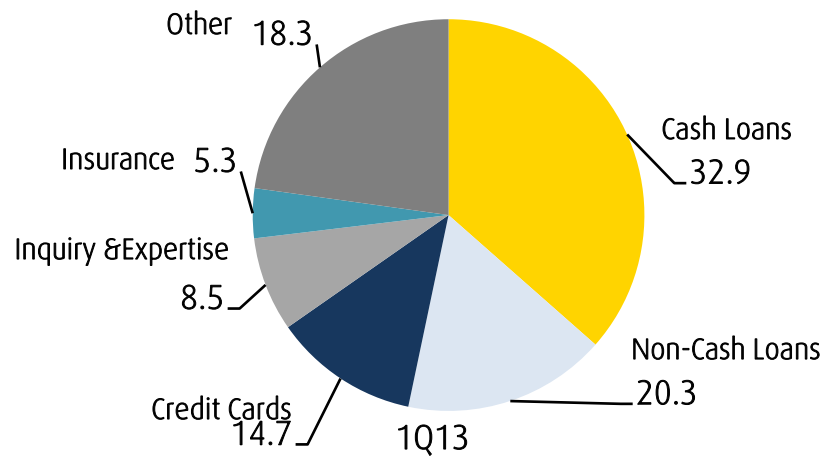
Net Fee and Commission Income (TL mio)



Fee/OPEX(%)

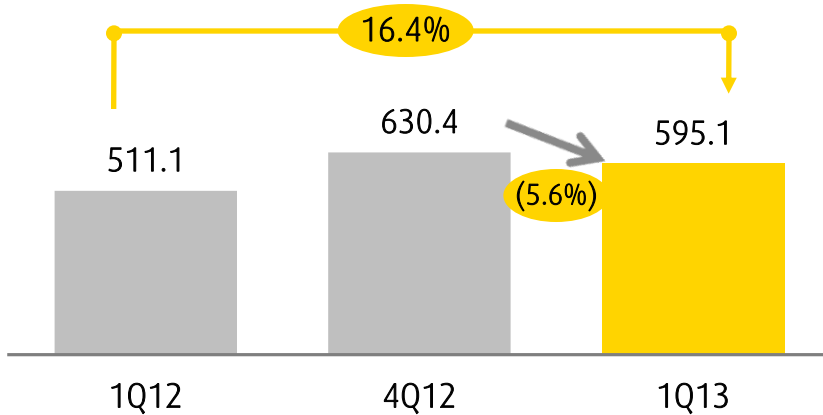


Breakdown of Net Fee&Com. Income (%)

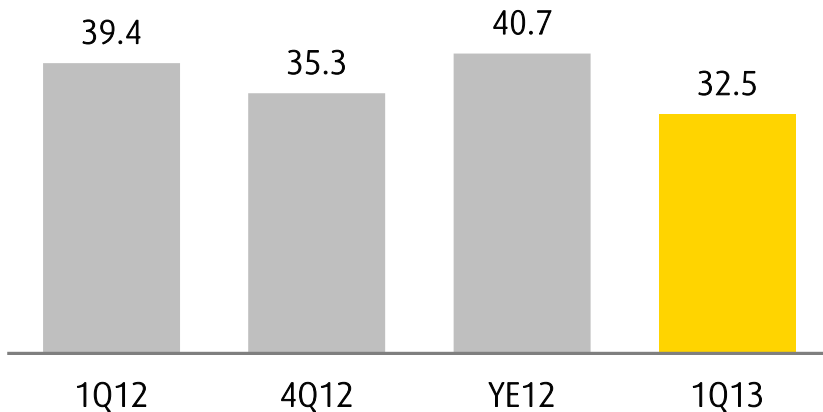


The lowest ever C/I Ratio

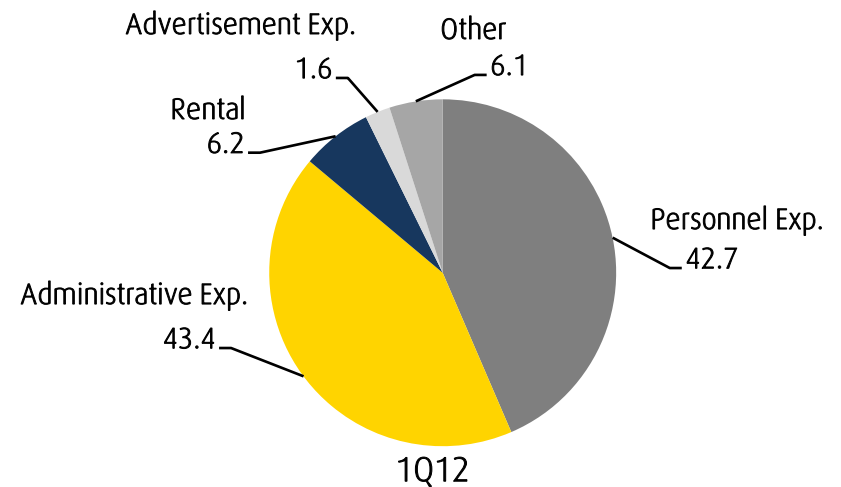
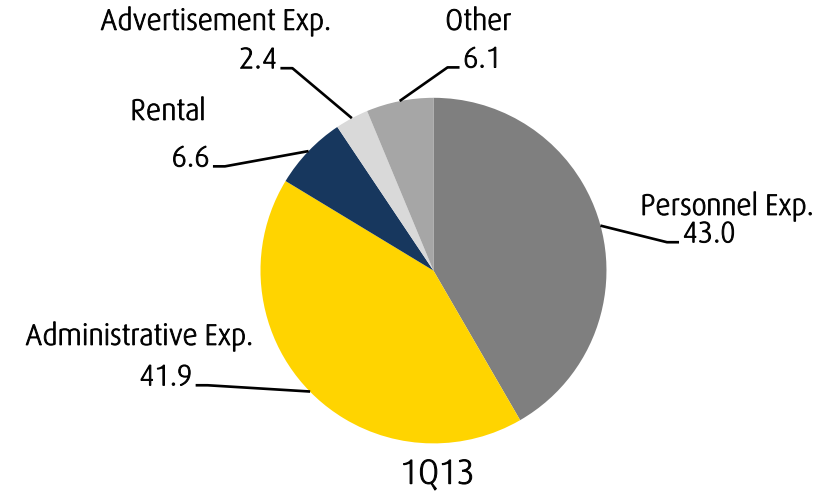
Operating Expenses (TL mio)



Cost/Income (%)



Breakdown of Operating Expenses (%)



VakifBank with numbers

Distribution Channels & Customer Base (#)	1Q2013	Efficiency ('000 TRY)	1Q2013
Branches	744	Assets per Employee	7,900
ATMs	2,686	Assets per Branch	143,532
Personnel	13,517	Loans per Employee	5,133
POS Terminals	115,085	Loans per Branch	93,264
Outstanding Credit Cards	2.9 mn	Deposits per Employee	4,842
Total Customers	14.7 mn	Deposits per Branch	87,967
Total Payroll Customers	2.2 mn		
Internet Banking Customers	2.2 mn		
Active Mutual Fund Customers	1.4 mn		

Balance Sheet

	(TL-mio, %)	1Q2012	YE2012	1Q2013	YoY Growth	QoQ Growth
Assets	Cash & Balances with Central Bank	10,151	12,328	13,551	33.5%	9.9%
	Interbank	2,014	1,955	1,074	(46.7%)	(45.0%)
	Securities	19,125	18,467	18,577	(2.9%)	0.6%
	Loans	60,187	67,868	69,388	15.3%	2.2%
	Subsidiaries & Investments	986	1,310	1,306	32.5%	(0.3%)
	Property & Equipment	1,101	1,135	1,184	7.5%	4.4%
	Other	1,086	1,518	1,708	57.2%	12.6%
	Total Assets	94,650	104,580	106,788	12.8%	2.1%
Liabilities & SHE	Deposits	65,607	67,242	65,447	(0.2%)	(2.7%)
	Funds Borrowed	6,054	7,475	7,801	28.9%	4.4%
	Other	11,904	12,233	14,996	26.0%	22.6%
	Provisions	1,216	1,641	1,675	37.7%	2.1%
	Shareholders Equity	9,869	11,918	12,179	23.4%	2.2%
Off-B.S	Guarantees	16,298	17,217	18,110	11.1%	5.2%
	Commitments	43,572	50,322	54,641	25.4%	8.6%
	Derivatives	11,634	14,397	17,166	47.6%	19.2%

Income Statement

(TRY-Thousand, %)	1Q2012	4Q12	1Q2013	Δ{1Q12 1Q13}	Δ{4Q12 1Q13}
Net Interest Income	821,608	1,326,429	1,345,095	63.7%	1.4%
Net Fee & Com. Income	89,415	168,154	177,111	98.1%	5.3%
Dividend Income	55,403	82	46,395	(16.3%)	56,479.3%
Net Trading Income	107,237	171,588	79,778	(25.6%)	(53.5%)
Other Income	223,186	118,747	184,500	(17.3%)	55.4%
Total Revenues	1,296,849	1,785,000	1,832,879	41.3%	2.7%
Operating Expense	(511,077)	(630,404)	(595,060)	16.4%	(5.6%)
Provisions	(260,615)	(564,331)	(582,353)	123.5%	3.2%
Tax Provisions	(105,396)	(139,533)	(132,784)	26.0%	(4.8%)
Net Income	419,761	450,732	522,682	24.5%	16.0%

Diversified funding source via Non-Deposit Funding

Syndicated Loan

September, 2012

- Secured US\$ 151 million and € 444.5 million 1 year syndicated loan, the all-in cost has been realized as Libor +1.35% and Euribor + 1.35%, respectively
- 103% roll-over ratio 24 banks from 16 countries participated.

April, 2013

- Secured US\$ 251.5 million and € 555.2 million 1 year syndicated loan, the all-in cost has been realized as Libor +1.00% and Euribor + 1.00%, respectively
- 103% roll-over ratio 38 banks from 19 countries participated.

Eurobond

April, 2013

- US\$ 600 million Eurobond with 5 year maturity
- Priced with a fixed coupon of 3,75%, 193 investors participated, Geographic allocation of issuance: EU 35%, USA 34%, UK 18%, Asia/ME 13%

Local Currency Bond

- Issued on June 2012 and terminates on June 2013 with a 374 days maturity, TL 105.1 million bond at a cost of 0.84% and 0.69% coupon payment rate.
- Issued on July 2012 and terminates on June 2013 with a 318 days maturity, TL 98.1 million bond at a cost of 9.07%.
- Issued on September 2012 and terminates on March 2013 with a 175 days maturity, TL 181.6 million bond at a cost of 7.39%.
- Issued on November 2012 and terminates on May 2013 with a 171 days maturity, TL 615.4 million bond at a cost of 6.49%.
- Issued on November 2012 and terminates on November 2013 with a 346 days maturity, TL 53.4 million bond at a cost of 6.93%.
- Issued on January 2013 and terminates on June 2013 with a 143 days maturity, TL 115.7 million bond at a cost of 6.75%.
- Issued on January 2013 and terminates on July 2013 with a 168 days maturity, TL 734.3 million bond at a cost of 7%.
- Issued on January 2013 and terminates on January 2014 with a 364 days maturity, TL 150 million bond at a cost of 7.50%.
- Issued on March 2013 and terminates on September 2014 with a 175 days maturity, TL 310 million bond at a cost of 6.01%.



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